



Army Enterprise Integration Oversight Office
(AEIOO)





Army Enterprise Integration Oversight Office (AEIOO)

Performance Management Definition of Terms

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PURPOSE



The purpose of this document is to establish a common understanding of the terminology used to discuss performance management and measurement. The intent is to establish this document as a primary reference for performance measures and as such will be a living document, which will continuously be updated with new terms and acronyms.

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REFERENCES

The definition of terms used were obtained from various sources. A listing of which is provided below. Each definition is followed by the source document from which the definition was extracted.

- (1) **[BSI]**, The Balanced Scorecard Institute; www.balancedscorecard.org
- (2) **[FEA-PMO]**, The Federal Enterprise Architecture Program Management Office, www.feapmo.gov
- (3) **[GAO]**, General Accounting Office; www.gao.gov
- (4) **[GPRA]**, Public Law 103-62. Government Performance and Results Act of 1993
- (5) **[Harbour]**, The Basics of Performance Measurement, Harbour, Jerry, Ph.D. 1997
- (6) **[MID 901]**, Establishing Performance Outcomes and Tracking Performance Results for the Department of Defense. 20 DEC 2002
- (7) **[Niven]**, Balanced Scorecard Step-By-Step for Government and Nonprofit Agencies, Niven, Paul R. 2003
- (8) **[OMB]**, Office of Management and Budget; www.whitehouse.gov/omb

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DEFINITIONS

Activity Measures

These measures typically track the actions or behaviors an organization performs using its inputs of staff time and financial resources. [Niven]

Balanced Scorecard

A measurement-based strategic management system, originated by Robert Kaplan and David Norton, which provides a method of aligning business activities to the strategy, and monitoring performance of strategic goals over time. There are four linked perspectives in the framework: Customer, Internal Processes, Learning and Growth and Financial. The Balanced Scorecard acts as a strategic management system, a measurement system and a communication tool. [BSI]

Baseline Performance

The current level at which an organization, process, or function is performing. A company currently producing 25 units per week has a current baseline performance of 25 units per week. [Harbour]

Benchmarking



The comparison of similar processes across organizations and industries to identify best practices, set improvement targets, and measure progress. Benchmarking results can serve as potential targets for measures. [Niven] The process of comparing one set of measurements to another. [BSI]

Business case

A structured proposal for business improvement that functions as a decision package for organizational decision-makers. A business case includes an analysis of business process performance and associated needs or problems, proposed alternative solutions, assumptions, constraints, and a risk-adjusted cost-benefit analysis. [GAO]

Business Process Improvement

A methodology for focused change in a business process achieved by analyzing the AS-IS process using flowcharts and other tools, then developing a streamlined TO-BE process in which automation may be added to result in a process that is better, faster, and cheaper. BPI aims at cost reductions of 10-40%, with moderate risk. [BSI]

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Business Process Reengineering

A methodology for radical, rapid change in business processes achieved by redesigning the process from scratch and then adding automation. Aimed at cost reductions of 70% or more when starting with antiquated processes, but with a significant risk of lower results. [BSI]

Business Reference Model

A function-driven framework for describing the business operations of the Federal Government independent of the agencies that performs them. The Business Reference Model is one of the Federal Enterprise Architecture reference models. [FEA-PMO]

Cost-benefit analysis

A technique used to compare the various costs associated with an investment with the benefits that it proposes to return. Both tangible and intangible factors should be addressed and accounted for. [GAO]

Customers



In the private sector, customers are defined as those who pay for products or services. In the government, customers consist of (a) the taxpayers; (b) taxpayer representatives in Congress; (c) the sponsors of the agency; (d) the managers of an agency program; (e) the recipients of the agency's products and services. There may be several more categories of 'customers'; they should be carefully identified for maximum strategic benefit. [BSI]

Customer Perspective

The Customer perspective is one of the four Balanced Scorecard perspectives, determining whom it aims to serve and how their requirements can best be met. This perspective answers the question, "How do we create value for our customer?" [BSI]

Data Reference Model

The Data Reference Model (DRM) describes, at an aggregate level, the data and information that support government program and business line operations. This model enables agencies to describe the types of interaction and exchanges that occur between the Federal Government and citizens. [FEA-PMO]

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Diagnostic Performance Measures

This type of measure assists in identifying problem areas. Examples include trending or control performance measures such as cycle time. The output from this type of measure helps diagnose and specifically target the activity that is causing the problem. [Harbour]

Effectiveness Measures

The degree to which an activity or initiative is successful in achieving a specified goal and/or the degree to which activities of a unit achieve the unit's mission or goal. [BSI]

Efficiency Measures

These measures evaluate the cost of each unit of service delivered. [Niven] The degree of capability or productivity of a process, such as the number of cases closed per year; (b) tasks accomplished per unit cost. [BSI]

Enterprise Architecture

Enterprise Architecture (EA), is the discipline of creating a blueprint of an agency's business, data, applications, and technology. [FEA-PMO]

Federal Enterprise Architecture

The Federal Enterprise Architecture (FEA) is a set of inter-related reference models designed to facilitate cross-agency analysis and collaboration. [FEA-PMO]

Financial Perspective



The financial perspective answers the question, "How do we add value for customers while controlling costs? [BSI]

Force Management Risk

Force Management Risk is one of the four risk areas in the SECDEF Balanced Scorecard, with the aim of providing a trained and ready force. [MID 901]

Future Challenges Risk

Anticipating future threats and adjusting capabilities to maintain a military advantage against them. [MID 901]

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Government Performance and Results Act (GPRA)

Signed into law in 1993, the GPRA requires federally funded agencies to develop and implement an accountability system based on performance measurement, including the establishment of strategic plans, performance plans and performance reports. The law emphasizes what is being accomplished, as opposed to what is being spent. [Niven]

Initiatives

The specific programs, activities, projects, or actions an organization will undertake in an effort to meet performance targets. [Niven]

Input Measures

These measures track resources used to drive organizational results. Typical input measures include staff time or financial resources. [Niven]

Institutional Risk

Ensuring that the DoD financial, acquisition, and resource management processes are streamlined and efficient. [MID 901]

Internal/ Business Process Perspective



The Internal/Business Process perspective is one of the four balanced scorecard perspectives. This perspective refers to internal business processes. Metrics based on this perspective allows the managers to know how well their business is running and whether its products and services conform to customer requirements. In addition to the strategic management process, two kinds of business processes may be identified: a) mission-oriented processes; and b) support processes. Mission-oriented processes are the special functions of government offices and the support processes are more repetitive in nature. [BSI]

Key Performance Indicators

A short list of metrics that a company's managers have identified as the most important variables reflecting mission success or organizational performance. [BSI]

Lagging Indicator

Performance measures that represent the consequences of actions previously taken are referred to as lag indicators. They frequently focus on results at the end of a time period and

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characterize historical performance. An example is employee or customer satisfaction. [Niven]

Leading Indicator

These measures are considered the “drivers” of lagging indicators. There is an assumed relationship between the two that suggests that improved performance in a leading indicator will drive better performance in the lagging indicator. For example, lowering absenteeism (a leading indicator) is hypothesized to drive improvements in employee satisfaction (a lagging indicator). [Niven]

Learning and Growth

The Learning and Growth process perspective is one of the four balanced scorecard perspectives. This perspective includes communication, employee training, and corporate culture related to individual and corporate self-improvement. This perspective also includes the respective technological tools to facilitate high performance work systems. This is a leading indicator of knowledge and training. [BSI]

Line of Sight



The indirect or direct cause and effect relationship from a specific IT investment to the processes it supports, and by extension the customers it serves and the mission-related outcomes it contributes to. [FEA-PMO]

Metric

Often used interchangeably with measurements. However, it is helpful to separate these definitions. Metrics are the various parameters or ways of looking at a process that is to be measured. Metrics define *what* is to be measured. Some metrics are specialized, so they can't be directly benchmarked or interpreted outside a mission-specific business unit. Other measures will be generic, and they can be aggregated across business units, e.g. cycle time, customer satisfaction, and financial results. [BSI]

Mission Statement

A mission statement defines the core purpose of the organization – why it exists. The mission examines the *raison d'être* for the organization, and reflects employee motivations for engaging in the organization's work. Effective missions are inspiring, long-term in nature, and easily understood and communicated. [Niven]

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Objective

A concise statement describing the specific things the organization must do well in order to execute its strategy. [Niven]

Operational Risk

Ensuring U.S. military and civilian personnel are ready at all times to accomplish the range of missions assigned them in the defense strategy. [MID 901]

Outcome Measures

This type of measure refers to an assessment of the results of a program activity compared to its intended purpose. These measures track the number of people served, services provided, or units produced by a program or service. For example the number of inoculations provided. [Niven]

Output Measure

A description of the level of activity or effort that will be produced or provided over a period of time or by a specified date, including a description of the characteristics and attributes (e.g., timeliness) established as standards in the course of conducting the activity or effort. A tactical or short-term quality or efficiency indicator for a business process. [BSI]

Performance



Performance focuses on an actual accomplishment or produced output. An example of a performance accomplishment is processing 50 procurement requisitions in a single day. [Harbour]

Performance Goal

This is a targeted level of accomplishment expressed as a tangible and measurable objective against which actual achievement is compared. [GPRA] For example, a performance goal may be to process, on average, 60 procurement requisitions per day. [Harbour]

Performance Indicator

A particular value or characteristic used to measure output or outcome. [GPRA] This is a comparative performance metric used to answer the question, "How are we doing?" for a

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specific issue. The average number of requisitions processed per day is an example of a performance indicator. [Harbour]

Performance Measure

A standard used to evaluate and communicate performance against expected results. Performance measures are designed to gauge progress toward effective implementation of the organization's strategy and track achievement of organizational objectives, which are aligned with the strategy. [BSI]

Performance Measurement Process

A performance measurement process involves the collection, synthesis, analysis and reporting of the accomplishments or outputs, as well as performance indicators that affect work output and accomplishments. [Harbour]

Performance Reference Model

The Performance Reference Model (PRM) is a standardized framework to measure the performance of major IT investments and their contribution to program performance. The PRM is intended to help produce enhanced information to improve daily and strategic decision-making, improve alignment and articulate contributions and facilitate the identification of improvement opportunities. [FEA-PMO]

President's Management Agenda



The President's Management Agenda (PMA) is a strategy for improving the management and performance of the government. The PMA outlines five inter-related initiatives to focus the improvement effort.

Quadrennial Defense Review

The Quadrennial Defense Review (QDR) outlines the DoD's strategy, goals and objectives. Additionally, the report defined a risk framework which is the basis for the DoD's annual performance goals under the GPRA and addresses implementation of the PMA.

Service Reference Model

The Service Component Reference Model (SRM) is a business and performance-driven, functional framework that classifies Service Components with respect to how they support business and/or performance objectives. [FEA-PMO]

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Strategy

Represents the broad priorities adopted by an organization in recognition of its operating environment and in pursuit of its mission. All performance measures should align with the organization's strategy. [Niven]

Strategy Map

A 2-dimensional visual tool for designing strategies and identifying strategic goals. It usually shows the four perspectives of the balanced scorecard in four layers, with learning & growth at the bottom, followed by business processes, customer satisfaction, and financial results (or mission value in the case of nonprofits). Activities to achieve strategic goals are mapped as 'bubbles' linked by cause-effect arrows that are assumed to occur. Sometimes called "strategic map". [BSI]

Target



A quantitative measurement of a performance metric that is to be achieved by a given time. Both the metric and the schedule need to be specified for targets. A stretch target is the same thing, but its quantitative value is much higher, demanding breakthrough performance to achieve. [BSI] Targets make the results (metrics) derived from the measurement process more meaningful and provide the organization feedback regarding performance. [Niven]

Technical Reference Model

The Technical Reference Model (TRM) is a component-driven, technical framework used to identify the standards, specifications, and technologies that support the construction, delivery, and exchange of business an application components (Service Components) that may be used and leveraged in a Component-Based or Service-Orientated Architecture. [FEA-PMO]

Vision

A vision statement provides everyone in the organization with a shared mental framework to communicate the future direction of the organization. [Niven]

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ACRONYMS

ACP

Army Campaign Plan

ACQ

Acquisition Domain

ADM

Acquisition Decision Memorandum

ADR

Annual Defense Review

AEA

Army Enterprise Architecture

AEIOO

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ASA(ALT)

Assistant Secretary of the Army (Acquisition, Logistics and Technology)

ASA(FM&C)

Assistant Secretary of the Army (Financial Management and Comptroller)

APGM

Army Programming Guidance Memorandum

APPG



Army Planning Priorities Guidance

ASPG

Army Strategic Planning Guidance

BEA

Business Enterprise Architecture

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BMMP

Business Management Modernization Program

BPI

Budget and Performance Integration

CCA

Clinger-Cohen Act

CJCS

Chairman of the Joint Chiefs of Staff

DA

Department of the Army

DAB

Defense Acquisition Board

DA PAM

Department of the Army Pamphlet

DepSecDef

Deputy Secretary of Defense

DME

Development, Modernization, or Enhancement – an IT initiative funding category

DoD

Department of Defense

EAI



Enterprise Applications Integration

EIE

Enterprise Information Environment

EPP

Enhanced Planning Process

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ERP

Enterprise Resource Planning

ESC

Executive Steering Committee

FCB

Future Capabilities Board

FYDP

Future Years Defense Plan

FFIMA

Federal Financial Management Improvement Act

GAO

Government Accountability Office

GIG

Global Information Grid

GIG – ES

Global Information Grid – Enterprise Services

GPRA

Government Performance Results Act

HQDA

Headquarters Department of the Army

IT



Information Technology

IPT

Integrated Process Teams

JPG

Joint Planning Guidance

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JROC

Joint Requirements Oversight Council

MID

Management Initiative Decision

NPR

National Partnership for Reinventing Government

OMB

Office of Management and Budget

OSD

Office of the Secretary of Defense

OSD (NII)

Office of the Secretary of Defense (Networks and Information Integration)

OV

Operational View

PA&E

Program, Analysis and Evaluation

PAR

Performance and Accountability Report

PBD

Program Budget Decision

PDM



Program Decision Memorandum

PEG

Program Evaluation Group

PEO- EIS

Program Executive Office – Enterprise Integration Services

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PfM

Portfolio Management

PMA

President's Management Agenda

PMC

Performance Management Coordinator

QDR

Quadrennial Defense Review

SECARMY

Secretary of the Army

SECDEF

Secretary of Defense

SLRG

Senior Leader Review Group

SPG

Strategic Planning Guidance

SRS

Strategic Readiness System

SV

Systems View

VCSA

Vice Chief of Staff, Army